



## *Trade and Agriculture* **What's at Stake for Missouri?**

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Missouri is an important producer and exporter of agricultural products. The State's farm cash receipts totaled \$4.6 billion in 2000. Missouri ranked 16th among all 50 States in 2000 with agricultural exports valued at \$1 billion. These exports help boost farm prices and income, while supporting 14,900 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Missouri's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 23 percent in 2000.

Missouri's top five agricultural exports in 2000 were:

- # soybeans and products -- \$369 million
- # feed grains and products -- \$178 million
- # wheat and products -- \$92 million
- # poultry and products -- \$86 million
- # live animals and red meats -- \$82 million

World demand for these products is increasing, but so is competition among suppliers. If Missouri's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **Missouri Benefits From Trade Agreements**

Missouri is already benefitting from a number of agricultural trade agreements. While there is much to be done, examples of market opportunities for Missouri include:

- # The nation's sixth largest soybean producer, Missouri benefits as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching \$32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped \$160 million in 2000.
- # Missouri, a large feed corn producer, benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.
- # An exporter of wheat, Missouri benefitted from limits set on subsidized wheat exports as a

result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at \$200 million.